

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 637-FN, relative to certain tax credits for purchase from New Hampshire farms.

Hearing Date: January 14, 2026

Members of the Committee Present: Senators Lang, Sullivan and Fenton, McConkey, Perkins Kwoka

Members of the Committee Absent : Senators Murphy and Rosenwald

Bill Analysis: This bill establishes a credit against the business profits tax for grocery stores that purchase 10 percent of their products from registered farms.

Sponsors:

Sen. Perkins Kwoka	Sen. Rosenwald	Sen. Pearl
Sen. Watters	Sen. Innis	Sen. Long
Sen. Prentiss	Sen. Altschiller	Sen. Fenton
Rep. Haskins	Rep. N. Germana	Rep. Bixby

Who supports the bill: Sen. Pearl, Sen. Rosenwald, Sen. Innis, Sen. Fenton, Sarah McCarthy, Daniel Richardson, Katie McLaughlin

Who opposes the bill: Julie Smith

Who is neutral on the bill: Lauren O'Sullivan (DRA)

Summary of testimony presented:

Sen. Perkins Kwoka

- Sen. Perkins Kwoka described the bill as the Eat Local Act.
- It establishes a business profits tax (BPT) credit for grocery stores and other food retailers who purchase at least 10% of their products from local, registered NH farms.
- This will help stimulate and support farms, improve connections with grocery stores, and ensure goods are affordable and do not go to waste.
- Much of the current produce on shelves in supermarkets is imported or transited, which drives up costs, deteriorates freshness, and doesn't support our local farmers.
- NH enjoys food independence and should better support that.

- As a condition of accepting the tax credit, stores must purchase at least 10% of their inventory from farms and reduce the sale price of that food by 10%.
- The tax credit would be equal to 10% of the total amount paid to local farmers and can be carried for up to 5 consecutive tax periods.

Sen. Sullivan said a lot of our grocery stores already buy local and asked if those existing stores will now get a tax break.

Sen. Perkins Kwoka described the bill as an incentive to do more purchasing. She added that the cost of food is important and the intent is to make sure the savings are passed onto consumers, which is a condition of the tax credit.

Sen. Sullivan asked if there would be a follow-up to make sure the savings are passed on.

Sen. Perkins Kwoka said there would have to be rulemaking, but the intent is that you provide evidence that you reduced the price of the food

Sen. McConkey said he believes in buy local and has expanded those items in his own store, but those items also come at a greater cost. He pointed to lines 30-31 of the bill and asked if “cost” means only the specific item purchased or if it means all produce.

Sen. Perkins Kwoka said she envisioned it would mean the latter, but she is open to feedback. She is talking to Hannaford about the structure of the bill and wants it to be flexible.

Sen. Fenton stated that no business model is being changed by this bill. He added that this is voluntary, supports business, and could potentially lower grocery prices.

Sen. Perkins Kwoka said he was correct.

Sen. Lang asked why the bill references BEA and not the Dept. of Agriculture, which registers farms.

Sen. Perkins Kwoka said that was a great suggestion and she welcomed the input. She had not discussed this with Commissioner Jasper.

Lauren O’Sullivan – DRA

- Ms. O’Sullivan said the DRA takes no position on the bill.
- They do have some technical concerns.
- As drafted, the bill does not specify a price to which the price reduction is to be applied to the grocer. They suggest adding clarifying language to establish a benchmark against which the reduction is to be measured. If it is intended that the reduction be applied to the local farm’s suggested retail price, assuming one exists, it might be helpful to have this information collected as part of the local farm registry.
- DRA interprets the bill to require products be purchased and sold during same taxable period to qualify for the credit. Products purchased in one tax period and sold in another would not qualify, nor would products purchased but not sold

due to spoilage, expiration, inventory reduction, donation and the like. If it is intended that those products also qualify the language needs to be changed.

- Lastly, the bill does not specify the first taxable period in which the credit would apply. DRA suggests taxable periods ending on or after December 31, 2027.

Sen. Perkins Kwoka asked if there was some sort of depreciation or carry-forward concept that could account for spoilage or inventory reduction.

Ms. O'Sullivan did not have an immediate answer and suggested they discuss it further outside of the hearing.

Sen. Lang asked Sen. McConkey hypothetically, if a store bought 100 pounds of tomatoes and only sold 30 pounds and threw away or donated the remaining 70 pounds, how it would account for that in its inventory or books. He asked if it would be a write-off.

Sen. McConkey said his store deals in much smaller quantities than a supermarket. At his store, they call it a loss and throw it out. He said it is such a small percentage of what they are doing, he isn't sure they can calculate it.